

## Land Board Agenda Item June 23rd, 2009

### COFFEE CREEK LAND EXCHANGE DNRC - ORNING

**Proposal:** Land exchange between the Department of Natural Resources and Conservation (DNRC) and Anne and Christine Orning.

**Proponent:** DNRC and Anne and Christine Orning

**Acres:**

Orning Land		
40 acres	NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E	\$40,000
40 acres	NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 2, T19N-R14E	\$40,000
<b>80 acres</b>	<b>Totals</b>	<b>\$80,000</b>
Trust Land		
40 acres	NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E (Common Schools)	\$40,000
20 acres	N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E (Common Schools)	\$20,000
20 acres	N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E (Common Schools)	\$20,000
<b>80 acres</b>	<b>Totals</b>	<b>\$80,000</b>

**Location:** Fergus County

**Beneficiary:** Common Schools

The Northeast Land Office requests final Land Board approval of a proposed land exchange in Fergus County. The lands proposed for exchange are approximately 7 miles north of Denton in Fergus County. The exchange is proposed by the NELO and Anne and Christine Orning in order to consolidate land ownership boundaries between state and private land to transfer an existing homesite from state to private ownership.

The following describes how the proposed land exchange relates to the Board of Land Commissioners Exchange Criteria:

#### 1. Equal or Greater Value

The appraised value of both properties is \$80,000. Each property appraised at \$1,000 per acre reflecting the recreational value influence in the area.

Meets the equal or greater value criteria.

## **2. State land bordering on navigable rivers and streams**

The private land offered in this exchange contains 1/4 mile of frontage on Coffee Creek, a perennial prairie stream. The state trust land offered in this exchange contains no navigable rivers or streams.

Meets the land exchange criteria regarding navigable rivers and streams.

## **3. Equal or greater income to the trust**

The 56.4 acre of private dryland farm ground is adjacent to state farm ground held under a cash lease for \$21.19 / acre. The grazing land would support 6 AUM valued at the state minimum rental of \$6.97. Thus, the dryland farm ground is expected to bring \$1,095 net income, and the grazing land \$37 net income, for a total projected net income of \$1,132. The projected income rate of return for the private ground is 1.42%.

The state land held under CRP contract currently earns \$17.50 / acre. The CRP contract expires October 1, 2009. The portion of the 29 acre CRP contract proposed for exchange earns net income of \$456.17 annually. The grazing land is tame pasture rated at .5 AUM / Acre for a total of 22.7 AUM. 22.7 AUM at the grazing rate of \$6.97 per acre earns net income of \$149.14 annually. The homesite rental currently produces net income of \$239.03 annually. Thus, the state land currently earns \$844 net income annually. The projected income rate of return for the state land is 1.06%.

There are variables to consider when analyzing income under this land exchange. The CRP contract on the existing state land is due to expire in 2009. It is unknown if these payments will continue as under the existing farm bill state trust lands are not eligible to re-enroll in the CRP program. Agricultural lease rates are expected to increase with rising crop prices. On balance income received by the trust is expected to be equal or slightly greater as result of the exchange.

Meets the criteria of equal or greater income.

## **4. Equal or Greater Acreage**

The land exchange proposes exchange of equal 80 acre size parcels.

Meets the equal or greater acreage criteria.

## **5. Consolidation of state lands**

The land exchange proposes to consolidate state lands within an 880 acre parcel of state land. The exchange would provide one half mile of additional frontage to a county road for the existing block of state land.

Meets the consolidation of state lands criteria.

## **6. Potential for long-term appreciation**

Farm ground and grazing ground in the Denton area have are appreciated in value due too recreational influence, but are now fairly stable. The area is generally losing residential population.

Meets the potential for long-term appreciation criterion.

## **7. Access**

The proposed exchange would provide for greater public access than currently exists on this 880 block of state land. The area of state land currently proposed for exchange is closed to recreational use due to the homesite. The area of deeded land is adjacent to a county road providing ½ mile of additional access to the remaining state land. The eastern 40 acre deeded land parcel is on the Coffee Creek bottom and provides outstanding upland game bird hunting. The dryland farm ground provides additional hunting opportunity. Existing safety and access problems would be remedied by the proposed exchange.

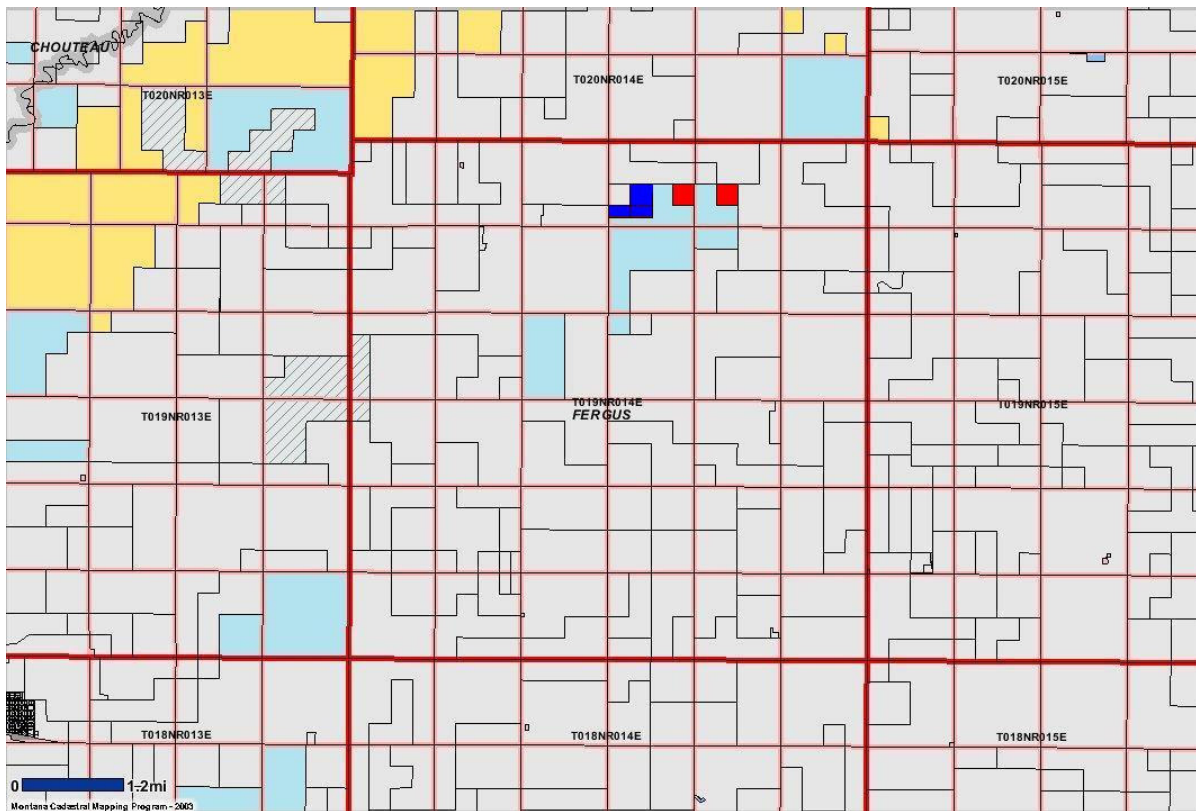
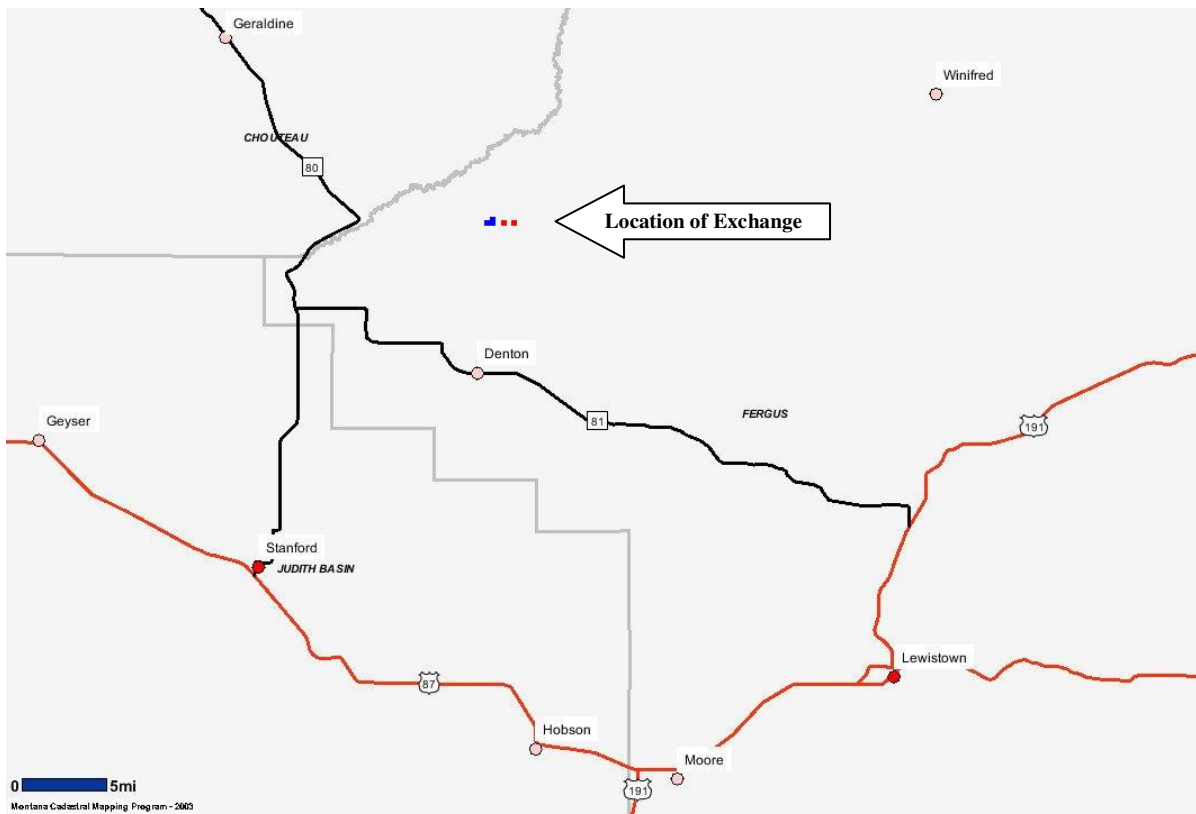
Meets the access criterion.

This proposed exchange was scoped by DNRC in an April 2008 scoping notice. A public hearing was held in Lewistown, Montana on April 6th, 2009 to solicit comments on the exchange. Below is a summary of the comments received:

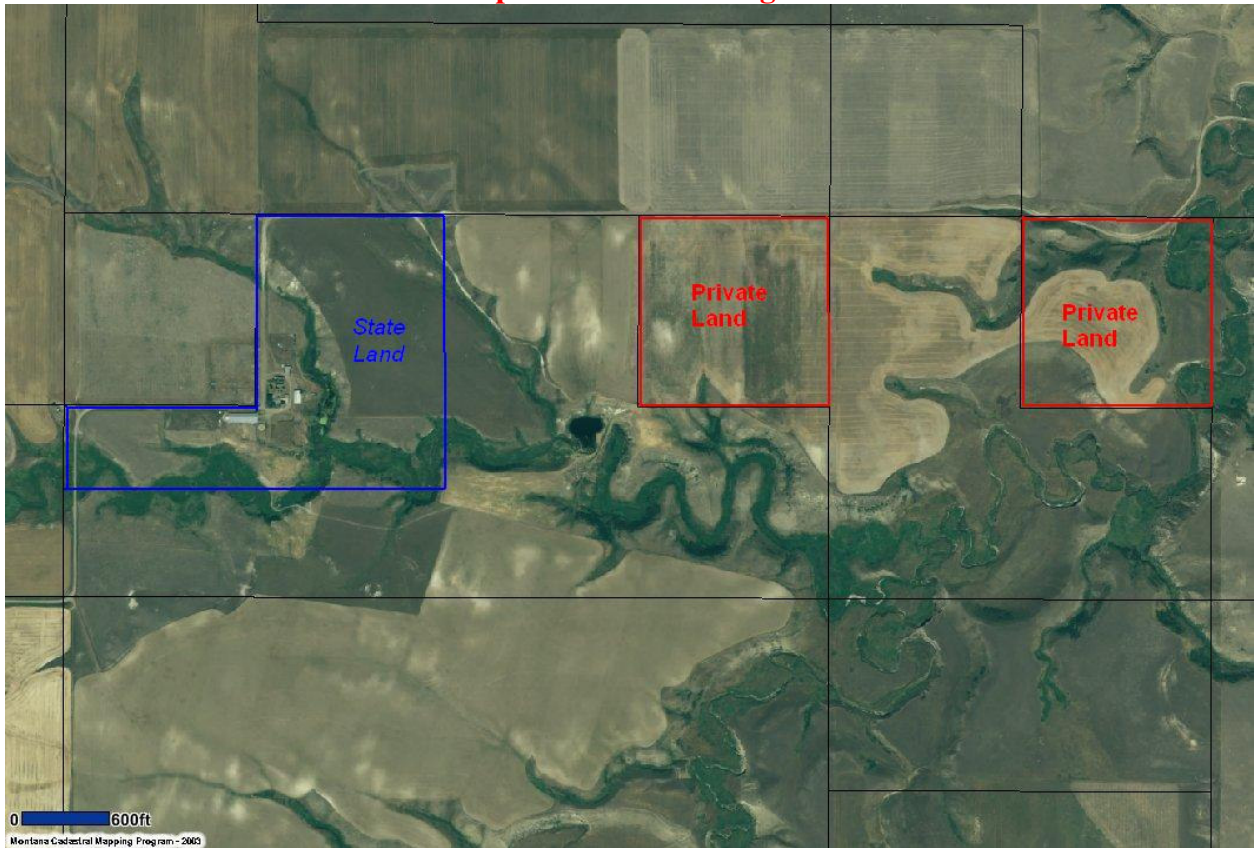
DFWP supports the land exchange, as it will increase recreational opportunity in the area. A neighboring landowner supports the land exchange, as it will consolidate ownership. Another neighboring landowner, supports the land exchange, and has identified fence to rebuild with DNRC. Central Montana Pheasants Forever supports the land exchange, as it cleans up boundary issues and is a good habitat acquisition. There was no other public comment.

### **Recommendation:**

The Director of DNRC recommends approval of the proposed land exchange.



**State Land Proposed to be Exchanged in Dark Blue**  
**Private Land Proposed to be Exchanged in Red**



**Homesite buildings are located on the State Land**